Agenda Item #14.4
For Council Meeting of: October 14, 2025

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: GABE OSBURN, DIRECTOR, PLANNING AND ECONOMIC DEVELOPMENT
SUBJECT: THIRD AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT F002578 WITH DTA PUBLIC FINANCE, INC.

AGENDA ACTION: RESOLUTION

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## RECOMMENDATION

The Planning and Economic Development Department recommends that the Council, by resolution, approve the Third Amendment to Professional Services Agreement Number F002578 with DTA Public Finance, Inc., Irvine, California to revise the scope of services, extend the time of performance, and increase compensation in the amount of $50,000, for a total contract not to exceed $301,500, and authorize the Assistant City Manager to make non-substantive changes to the Amendment, subject to approval by the City Attorney, and execute the Amendment. This item has no impact on current fiscal year budget.

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## EXECUTIVE SUMMARY

The proposed Third Amendment to the Professional Services Agreement with DTA Public Finance, Inc. adds additional funds to accommodate the extended timeline needed to form a Downtown Enhanced Infrastructure Financing District (EIFD) in coordination with the County of Sonoma. The proposed amendment will address costs related to the completion of the legal description associated with the EIFD's boundary, as well as the preparation of all application materials required as part of the Request for Jurisdictional Boundary Change through the California State Board of Equalization. The total compensation for DTA services increases from $251,500 to an amount not to exceed $301,500, and the time of performance changes from December 31, 2025, to December 31, 2026.

## GOAL

This item relates to Council Goal #3 - Promote Citwide Economic Development, as the purpose of the EIFD is to finance public capital facilities and projects of community-wide significance.

BACKGROUND/PRIOR COUNCIL REVIEW

The formation of an EIFD provides a financing tool that is available to support infrastructure project development that in turn supports private development such as high-density housing and residential mixed-use projects. An EIFD is a type of special financing district that utilizes a portion of tax increment revenue from a specifically defined area to finance capital facilities or other specified projects of community-wide significance that provide benefits to the area within the EIFD or the surrounding community.

On February 15, 2022, the City Council allocated $80,000 from PG&E Settlement Funds to pursue an Enhanced Infrastructure Financing District (EIFD) via Resolution No. RES-2022-029. Following a Request for Proposals (RFP) in August 2022, the City selected and entered into a Professional Services Agreement with DTA to assist with the evaluation and development of an Infrastructure Finance Plan. In 2023, Council adopted Resolution of Intention (RES-2023-076) and established a Public Financing Authority (PFA; RES-2023-077) on April 25, 2023, and appointed Councilmembers Rogers and Fleming to serve on the PFA, with the County of Sonoma through Board of Supervisors appointments. On July 11, 2023, the City Council, by Resolution No. RES-2023-118, approved the First Amendment to Professional Services Agreement with DTA.

On June 16, 2015, the Public Financing Authority adopted the final Infrastructure Financing Plan (IFP) of the City of Santa Rosa Enhanced Infrastructure Financing District (Downtown Business Corridor) and formed the Enhanced Infrastructure Financing District. The adopted IFP includes tax increment commitments from both the City of Santa Rosa and the County of Sonoma.

ANALYSIS

The value and viability of the EIFD was greatly enhanced by the participation of the County of Sonoma and the associated tax increment commitment. To accommodation the coordination needed to ensure that decisions from the participating tax entities regarding tax increment commitments and project types eligible for future project funding were made in a transparent manner involving public participation, the overall project timeline was extended on multiple occasions. Modifications to draft infrastructure financing plan were triggered through the process based on feedback from City and County staff, members of the public and the Public Financing Authority. Extending the project timeline, adding additional public meetings requiring consultant assistance, an increasing the opportunities to initiate revision to the Infrastructure Financing Plan resulted in the project exceeding initial budget projections.

Prior to December 1, 2025, staff must submit a request to the California State Board of Equalization for Jurisdictional Boundary Change. This action creates a new tax Rate Area that will include the EIFD. Once created, the EIFD will begin to collect tax

increment. This step represents the final action associated with the formation of the EIFD. The proposed contract amendment will allow for the preparation of all materials associated with the Jurisdictional Boundary Change.

The contract associated with the proposed amendment was originally executed with David Taussig and Associates, Inc., dba (DTA). On November 12, 2024, David Taussig and Associates, Inc. dba DTA filed a Certificate of Amendment of Articles of Incorporation, Name Change Only – Stock with the Secretary of State of California thereby changing the name of the corporation to DTA Public Finance, Inc.

## FISCAL IMPACT

The funding for this agreement is within the Planning and Economic Development department's Santa Rosa Tourism Business Improvement Area (SRTBIA) approved budget. Approval of this action does not have a fiscal impact on the General Fund.

Furthermore, the approved IFP allows a percentage of the tax increment generated to administration costs associated with the formation and ongoing management of the district. The City may elect to reimburse the SRTBIA fund for the costs associated with this project once the EIFD has accumulated administration fees equal to or greater than the amount allocated to the proposed contract amendment.

## ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378(b)(4), the recommended action is not a "project" subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. CEQA Guidelines Section 15378(b)(4) specifically excludes the creation of government funding mechanisms or other fiscal activities that do not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment. In the alternative, the recommended action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the recommended action may have a significant effect on the environment.

## BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

## NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A -Third Amendment to PSA with DTA Public Finance, Inc.

PRESENTER(S)

Gabe Osburn, Director, Planning and Economic Development